



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Human Resources



Date: May 13, 2015
Board Meeting Date: June 16, 2015
Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Donna Vaillancourt, Human Resources Director
Jay Castellano, Interim Benefits Manager

Subject: Agreement with Benefit Coordinators Corporation for Retiree Benefits,
Flexible Spending Accounts, and COBRA Administration

RECOMMENDATION:

Adopt a resolution authorizing the Human Resources Director to execute a three-year agreement with Benefit Coordinators Corporation for the provision of retiree benefits administration, flexible spending accounts administration, and COBRA administration for County employees, retirees and their dependents for the term of January 1, 2016 through December 31, 2018, in an amount not to exceed \$825,000 with two one-year options to extend the agreement in an amount not to exceed \$550,000.

BACKGROUND:

In May 2010, the Board of Supervisors adopted a resolution authorizing the Director of the Human Resources Department to enter into an agreement with Benesyst (now TASC/Benesyst) to provide the County with a benefits administration system. This agreement was pursuant to a human resources information system (HRIS) needs assessment that determined the County's prior internal systems lacked adequate financial controls, integrations with other systems, and dependent-eligibility monitoring.

In April 2015, the County successfully implemented Workday HRIS to replace TASC/Benesyst's functionality related to active employee benefits. The Workday solution allows the County to bring benefits administration back in-house (i.e., County employees operating the Workday system rather than contractual services operating an external proprietary HRIS system).

While Workday replaced TASC/Benesyst's functionality related to active employee benefits, TASC/Benesyst has retained the unique functionality related to retiree benefits, flexible spending accounts, and COBRA administration. (These system

functionalities do not exist in Workday). The in-force contract with TASC/Benesyst expires on December 31, 2015. Therefore, in April 2015, the County's Human Resources Department released a Request For Proposals (RFP) for a retiree benefits administration, flexible spending accounts, and COBRA administration solution.

DISCUSSION:

On April 13, 2015, the County's benefits broker, Alliant Insurance Services (Alliant), launched an RFP process (see Exhibit A for RFP details) for retiree benefits administration, flexible spending accounts, and COBRA administration on behalf of the County. Alliant utilized their preferred provider list for this RFP process. Four responses were received and then one vendor decided to withdraw due to their misinterpretation of the County's system needs. Thus, a net of three responses were received from TASC/Benesyst (incumbent), Benefit Coordinators Corporation (BCC) and WageWorks.

A committee of seven subject matter experts reviewed the finalists' proposals, determined that all three were of a quality worthy of further consideration and invited all three vendors to the finalist interviews, conducted on May 26. The committee noted areas of each proposal that were unclear or not fully responsive to the RFP, and then developed unique finalist interview questions accordingly. Vendors were given one week to respond in writing so that the committee could preview the responses before the interviews.

At the interviews, each finalist was given an opportunity to introduce their service team model, review responses to finalist questions, demonstrate their systems, and confirm pricing exhibits. The committee unanimously identified BCC's proposal as the strongest proposal submitted based on the observations below. The committee also checked current, new and former client references of BCC, which all confirmed the committee's evaluation of BCC.

BCC is based in Pittsburgh, PA. They have been in business since 1983 and its current public sector clients include the County of Santa Barbara, County of Imperial, City of Ontario, City of San Bernardino and City of Merced. The distinguishing strengths of BCC's proposal were its account management model and pricing. The account management model included a single point-of-contact for all business lines and the same services teams for both implementation and ongoing support. BCC's pricing was at least \$66,000 per year less (\$270,000 versus \$336,000) than the other finalists. Also, the references conveyed confidence in BCC's system reliability and customer service.

One specific challenge of this RFP was that the incumbent, TASC/Benesyst, has been using a custom-written program to accommodate the County's unique bargaining unit agreements for tracking sick leave credits when retirees are using those credits to pay for health insurance premiums. BCC (as well as WageWorks) is not able to immediately replicate the tracking functionality. Instead, that work will be performed manually by part-time County staff (using a portion of the \$65,000 savings) so that the County can still benefit from the other advantages of the BCC proposal.

This resolution contains the County's standard provision allowing amendment of the County's fiscal obligations by a maximum of \$25,000 (in aggregate).

The Human Resources department will seek and obtain approval of the agreement from the Information Services Department and County Counsel before execution of the agreement. The resolution has been reviewed and approved by County Counsel as to form.

This resolution supports the Shared Vision 2025 Prosperous Community by providing a retiree benefits, flexible spending account, and COBRA administration system that will continue administrative efficiency and help manage benefits for the County's active employees, retirees and their dependents.

PERFORMANCE MEASURE(S):

Measure	Target	Amount of Revenue at Risk
Carrier Data Build Accuracy	>99%	1%
Rate Set Data Build Accuracy	>99%	1%
Initial Billing Line of Coverage Accuracy	>99%	1%
System Uptime: Amount of time system will be available	>99%	1%
BenXcel System Accuracy	>99%	1%
Phone/Email Tickets—24-Hour Response	>99%	1%

FISCAL IMPACT:

The agreement's total through December 31, 2018 is projected to be \$825,000. There is no impact to net county cost associated with this agreement as costs are fully covered by the Benefits Trust Fund.

Exhibit A
Request for Proposal Matrix

1.	General Description of RFP	Third Party Administrator for Retiree Benefits, Flexible Spending Accounts, and COBRA Administration
2.	List key evaluation criteria	<ul style="list-style-type: none">• Customer Service Model• Account Management Model• System Capability• Public Entity Experience• Reporting• Technology
3.	Where advertised	Broker's Preferred Provider List
4.	In addition to any advertisement, list others to whom RFP was sent	None
5.	Total number sent to prospective proposers	None
6.	Number of proposals received	3
7.	Who evaluated the proposals	<ul style="list-style-type: none">• Jay Castellano, Interim Benefits Manager• Lisa Okada, Benefits Manager• Ann Parada, Benefits Supervisor• Lucy Fung, Benefits Technician• Gladys Smith, Assistant Executive Officer, SamCERA• Diane Webster, Systems Analyst, ISD• Kim Miller, Vice President, Alliant Insurance Services
8.	In alphabetical order, names of proposers (or finalists, if applicable) and location	<ul style="list-style-type: none">• Benefit Coordinators Corporation, Pittsburgh, PA• TASC/Benesyst, Madison, WI• WageWorks, San Mateo, CA